



**Auditor of State
Betty Montgomery**

Declaration of Fiscal Watch

Effective May 28, 2004, the Department of Education declared the London City School District, Madison County, to be in a state of Fiscal Caution in accordance with Section 3316.031 of the Ohio Revised Code. The declaration was based on an anticipated deficit for the fiscal years ending June 30, 2005 and 2006.

Section 3316.031 (C) of the Ohio Revised Code requires that the board of education of a district declared to be in fiscal caution provide a written proposal to the Department of Education for correcting the budgetary conditions that prompted the declaration and for preventing the district from experiencing further fiscal difficulties. Upon a determination by the Department of Education that the district has not provided an acceptable proposal and with the concurrence of the Auditor of State that this determination is reasonable, the district is to be declared in fiscal watch.

The Department of Education has notified the Auditor of State that the London City School District failed to submit a written proposal required by Section 3316.031(C) for correcting the conditions that prompted the declaration of Fiscal Caution, and has requested that the School District be placed in fiscal watch in order to prevent further decline. Upon review of the Department of Education's determination and based on the London City School District's five-year forecast filed with the Department of Education on May 27, 2004, which includes a deficit of \$1,292,000 and \$3,270,000 for the fiscal years ending June 30, 2005 and 2006, the Auditor of State finds the Department of Education's determination that the London City School District be placed in fiscal watch to be reasonable.

Accordingly, the Auditor of State hereby declares the London City School District to be in a state of Fiscal Watch under Section 3316.03 (A)(3) of the Ohio Revised Code. A copy of this declaration is being submitted to Nancy Smith, President of the Board of Education of the London City School District, Thomas Johnson, State Director of Budget and Management, David Eades, Mayor of the City of London, and Susan Tave Zelman, State Superintendent of Public Instruction.

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BETTY MONTGOMERY
Auditor of State

October 7, 2004